



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
OFFICE OF INSPECTOR GENERAL
EASTERN RESOURCE CENTER
109 T.W. ALEXANDER DRIVE
RESEARCH TRIANGLE PARK, NC 27709

CASE #: OI-RTP-2010-CFR-0227
TITLE: TOWN OF EASTOVER, SC

CROSS REFERENCE #:

CASE AGENT (if different from prepared by):

MEMORANDUM OF ACTIVITY

NARRATIVE: Special Agent [REDACTED] reviewed grant file #96418706-1, Town of Eastover, SC. This grant was approved on October 12, 2004 for a Water Infrastructure construction project in the amount of \$216,000. There was a state matching contribution in the amount of \$499,200. The project was for the construction of a new 250 gallon elevated water storage tank, installation of 215 water meters, 35 fire hydrants, well and storage improvements. The method of payment was reimbursement. In September 26, 2008, the town requested a time extension due to changes in the town's administration and the change in the wastewater line system. This extension was granted by EPA.

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EPA Form 2720-17 (Computer)



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CASE AGENT (if different from prepared by):

MEMORANDUM OF ACTIVITY

NARRATIVE: During the course of this investigation several individuals interviewed alleged there was a fire which destroyed Federal grant files and other key documents. Special Agent [REDACTED] reviewed a Fire Department report dated July 13, 2009, this report indicated that there was a fire at 629 Henry Street, Eastover, SC on that date. The fire involved a lawn mower in a maintenance building. There were no documents involved in this fire. This report was provided by [REDACTED] [REDACTED] Columbia Fire Department, 1800 Laurel Street, Columbia, SC 29201.

Attachments: Copy of the Fire Report



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UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
OFFICE OF INSPECTOR GENERAL
109 T.W. ALEXANDER DRIVE
RESEARCH TRIANGLE PARK, NC 27713

MEMORANDUM OF INTERVIEW

Interview Date:	December 29, 2009
Case Name:	Town of Eastover SC
Case Number:	
Interviewee:	[REDACTED]
Interview Location:	8500 Farrow Road, Columbia, SC
Interviewed By:	SA [REDACTED] SA [REDACTED]
Witnesses:	

On December 29, 2009, Special Agent's Joel Tomas and the Reporting Agent met with [REDACTED] and [REDACTED] in their offices at [REDACTED]. The purpose of the interview was to ascertain information concerning a complaint lodged relevant to an EPA grant provided to the Town of Eastover (Eastover), SC. After proper identification was shown by the investigators above, and the nature of the interview was disclosed, the following information was obtained:

Eastover is a small community which has had a problem providing records for water meter readings to DHEC. Currently, the town has shut down their sewage treatment plants and has their sewage treated at the Richland county sewage plant. To date the town owes a large amount of money to Richland County. The citizens of Eastover pay their bills to the town hall but the payment is not forwarded to Richland County. During a routine call when DHEC responded to a foul smell of sewage at a trailer park in Eastover it was discovered that the wrong piping was installed causing the small sewage treatment plant there to malfunction. Additional issues in the town were problems with the number of billing gallons of water compared to the number of gallons being pumped from the wells. This discrepancy has been going on for years according to [REDACTED]. The town does not receive any state revolving funds from the government.

[REDACTED] advised the water storage tower is in place but there are no gauges to indicate how much water is in the tank. An audit report for the years 2007-2008 provided by [REDACTED] stated that there were no records in order to provide adequate

reporting. The net assets of the town are well over three million dollars but there was over \$300,000 missing. The town cannot locate its' grant files. Proper accounting was not in place.

[REDACTED] advised they were told that there was a fire which destroyed the records but [REDACTED] has been unable to verify this information. The only way [REDACTED] is able to obtain records is through a contractor [REDACTED] who works for the city.

Attachments:

1. Copy of Town of Eastover Audit Report 2007 and 2008.
2. Copy of letter entitled Sanitary Survey of Town of Eastover
3. Copy of letter entitled Water Tank and Fire Hydrant System Improvements
4. Copy of Water Supply Construction Permit
5. Copy of Field Inspection Report dated 12/24/04



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
OFFICE OF INSPECTOR GENERAL
61 FORSYTH STREET, S.W., ROOM 12T20
ATLANTA, GA 30303

MEMORANDUM OF INTERVIEW

Interview Date:	01/13/2010
Case Name:	TOWN OF EASTOVER SC
Case Number:	OI-RTP-2010-CFR-0227
Interviewee:	[REDACTED]
Interview Location:	Residence Inn, 2320 Legrande Rd., Columbia, SC
Interviewed By:	SA [REDACTED] SA [REDACTED] Inv. [REDACTED]
Witnesses:	

On January 13, 2010, SAs [REDACTED] and [REDACTED] along with Chief Special Investigator [REDACTED] ([REDACTED]) interviewed [REDACTED] ([REDACTED]), [REDACTED], [REDACTED], [REDACTED], regarding the investigation of Eastover (XP-96418706). [REDACTED] was advised as to the identities of the investigators and the purpose of this interview and provided the following information:

[REDACTED] is a contractor for EPA that conducts onsite inspections of grant recipients to ensure the project is underway or completed and all the necessary documentation is provided.

In this instance, [REDACTED] conducted a third and final inspection of the Eastover project on [REDACTED]. This inspection was scheduled after an inspection was attempted by [REDACTED] on [REDACTED]. The current mayor, LEROY FABER, had just left Eastover for Atlanta when [REDACTED] arrived for the inspection (which was also previously scheduled). FABER went to the Region 4 EPA office instead of staying onsite for the inspection.

In preparation for this inspection, [REDACTED] faxed some of the requested information to [REDACTED] in response to an email to FABER from [REDACTED] on the day prior to the inspection. See [REDACTED] email and Eastover fax dated January 11, 2010. In addition to

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other invoices and documentation, [REDACTED] attached a [REDACTED] final approval for 12 fire hydrants which alludes to a previously approved water tank project. It was later determined that the water tank project was conditionally approved by [REDACTED] because it did not contain a telemetry system. [REDACTED] conditionally approved the water tank because the telemetry system would be installed under a subsequent permit for the new well houses under the EPA grant.

[REDACTED] met with [REDACTED] on [REDACTED] from [REDACTED] hours until [REDACTED] hours. While discussing the required documentation with the Eastover representatives, [REDACTED] noticed a big box that held information concerning the grant. [REDACTED] suggested the representatives look in the folder marked "acquisitions" inside the big box when they were attempting to locate information. However, they did not comply with his request. Eastover advised [REDACTED] that the grant amendment was in process with EPA to extend the deadline and to change to federal portion of funds to 55% instead of the 30%. Eastover wanted to include only the water tank in the grant and withdraw all other portions of the project from the grant.

FABER and [REDACTED] stated that the state would pay for the engineering fees. [REDACTED] told him that he works for the Council of Governments, but was not paid by them. [REDACTED] said he thought the Council advised small towns on administration of projects.

When the bids were received by Eastover, no recommendation was made by the town. [REDACTED] advised Eastover he would need specific invoices for the water tank installation and a breakdown of all change orders. The city was advised they could include some of the \$15,600 allotted for administration expenses to pay city employees for any work they may have done for the project as long as they had timecards to substantiate the work. The city did not have bid package information for the construction firms for the water tank project.

When [REDACTED] was shown the grant file with the three invoices previously submitted one being an audit invoice he said the \$25,000 for the previously submitted audit would not be allowed by EPA. The grant funds from EPA were strictly for the construction of the water tank, except for the previously stated \$15,600 administration expenses. He was surprised to see an invoice by [REDACTED] company [REDACTED] when he was told by [REDACTED] he had not been paid for this project. Eastover was given a deadline of January 19, 2010, to submit the rest of the required documentation.

Attachments:

1. [REDACTED] inspection report, January 12, 2007



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2. [REDACTED] inspection report, September 10, 2007
3. [REDACTED] email from [REDACTED], September 21, 2007



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4. ██████████ email to FABER, December 29, 2009



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5. Eastover fax to ██████████, January 11, 2010



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Memorandum of Activity

Case Number: SE 10 01808 I

On January 28, 2010, Special Agent [REDACTED] reviewed documents received from the South Carolina Department of Commerce on January 15, 2010. The documents are comprised of all the state's files regarding Community Development Block Grant (CDBG) #4-02-L-011, which was awarded to the Town of Eastover.

Documents show that the Town of Eastover applied for a \$500,000 CDBG to replace the town's aging water towers and install new fire hydrants. The application was received by the state on April 5, 2002. [REDACTED] of the Central Midlands Council of Governments (CMCOG) is identified as the contact person, with CMCOG as the administering agency.

On July 1, 2002, the Department of Commerce awarded \$500,000 to the Town of Eastover.

Stantec, Inc. was chosen as the main consulting contractor for the water tower project. Carolina Contracting, Inc. was chosen to install the town's water lines and fire hydrants. Caldwell Tanks, Inc. was chosen to construct the town's water tower, which was to be 250,000 gallons in volume.

From July 1, 2002 to the grant closing in October 2006, the Town of Eastover drew \$491,521. General Administration accounted for \$27,979, Water Facilities accounted for \$424,542, and Engineer/Architects accounted for \$39,000 in spending.

Final approval from the Department of Health and Environmental Control (DHEC) was granted on June 1, 2006.

Throughout the grant administration period, the Department of Commerce periodically conducted monitoring reviews. Several issues were identified during these reviews, one being a problem in securing matching grant funds from the Environmental Protection Agency (EPA). According to multiple monitoring reviews, unavailability of funds from the EPA grant caused delays in the fire hydrant contract. Although the CDBG grant was awarded in 2002 and work was underway between then and the grant closeout in 2006, constant mention of the EPA funds not materializing is found in the files.

In January 2006, [REDACTED], who listed himself as the [REDACTED] for the Town of Eastover, requested copies of documents for submission to EPA. [REDACTED] of the CMCOG sent the requested documents but advised [REDACTED] not to seek reimbursement from EPA using the documents. There was concern that invoices already paid for using CDBG funds might be submitted to EPA for dual-reimbursement. This incident is documented by [REDACTED] of the Department of Commerce in a memo dated January 17, 2006.

ACTIVITY CONDUCTED BY: Special Agent [REDACTED]

DATE OF ACTIVITY: January 28, 2010
DATE REPORTED: January 28, 2010



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
OFFICE OF INSPECTOR GENERAL
109 TW ALEXANDER DRIVE
RESEARCH TRIANGLE PARK, NC 27711

MEMORANDUM OF INTERVIEW

Interview Date:	February 24, 2010
Case Name:	Town of Eastover SC
Case Number:	OI-RTP-2010-CFR-0227
Interviewee:	[REDACTED]
Interview Location:	101 Business Park Blvd., Columbia, SC 29202
Interviewed By:	Special Agent [REDACTED] Special Agent [REDACTED] Chief Special Investigator [REDACTED]
Witnesses:	

On February 24, 2010, Chief Special Investigator [REDACTED] South Carolina Department of Environmental Control (SCDHEC), Special Agent [REDACTED] and the Reporting Agent interviewed [REDACTED] US Department of Commerce, Economic Development Administration, Columbia, in the SCDHEC office 101 Business Park Blvd., Columbia, SC. The purpose of the interview was to ascertain information concerning a complaint lodged relevant to an EPA grant provided to the Town of Eastover (Eastover), SC. After proper identification was shown by the investigators above, and the nature of the interview was disclosed, the following information was obtained:

[REDACTED] worked on the Eastover Community Development Block Grant (CDBG) involving the water tower in the town. The mayor at the time was Chris Campbell.

In order to reinforce what the town was told by the state Commerce department, [REDACTED] reiterated to Eastover that the EPA grant was not to be used for the water tank since it was completely paid for by the CDBG grant. Communications between Eastover and the COG involved Campbell, [REDACTED], a subcontractor, and occasionally [REDACTED] acting as [REDACTED]. [REDACTED] during a phone call, gave [REDACTED] the impression that he was going to submit invoices to EPA connected to the water tank.

During the project, the COG provided tank construction invoices and related documents to Eastover on numerous occasions. They frequently would come back to [REDACTED] request duplicates

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of these documents. [REDACTED] knew they were looking for documentation to submit to EPA for reimbursement for their grant.

[REDACTED] The first issue [REDACTED] resolved was the repainting and lettering on the water tank. The fencing around the tank had to be completed as well as the access road to the water tower and some fire hydrants. This project was so far behind deadline that the contractor that won the bid for the fire hydrant phase of the project pulled out from their bid because the town did not have enough money to complete the second phase. The tank contractor, Caldwell, agreed to subcontract a reduced portion of the project (approximately half of the original 30 fire hydrants) in order for the city to use as much of the available grant as possible.

Generally the funding of a CDBG grant would require the city provide a 10% match. However, cities are allowed to waive this match if they can provide audits or financial statements indicating their inability to pay. While [REDACTED] never saw any audit reports, Eastover was not required to match any funds. [REDACTED] was told the EPA funds were not coming in a timely fashion but did not remember why.

CDBG only allows a two year window for completion of their grant projects. This project started in 2002 and was to be completed by 2004. The state will not allow the city to receive any more funding until the first project has been completed.

The town was allowed to pull money in advance and then they married them up with the invoices. There were four or five sets of invoices with details attached for the draw downs on the bank account. There was a separate bank account set up for this grant. The COG requested money from the state and the state treasurer would electronically fund the account. The COG would write out a check to the contractor and then two officials from the city would have to sign the check.

[REDACTED] had no detailed knowledge of state inspections but had the understanding that the water tank was approved when the release was signed by the contractor.

Eastover received other grants such as a T21 grant from the Department of Transportation for sidewalks and street lights. There was another CDBG grant for sewer main and taps from the main line to the houses. COG did not help Eastover with the EPA grant.



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
OFFICE OF INSPECTOR GENERAL
61 FORSYTH STREET, S.W., ROOM 12T20
ATLANTA, GA 30303

MEMORANDUM OF INTERVIEW

Interview Date:	02/26/2010
Case Name:	TOWN OF EASTOVER SC
Case Number:	OI-RTP-2010-CFR-0227
Interviewee:	[REDACTED]
Interview Location:	212 South Lake Drive, Suite 401, Lexington, SC 29072
Interviewed By:	SA [REDACTED], SA [REDACTED]
Witnesses:	

On February 26, 2010, SA [REDACTED] and SA [REDACTED] interviewed [REDACTED] Lexington County Government, South Carolina regarding the investigation of Eastover, SC. [REDACTED] was advised as to the identities of the investigators and the purpose of this interview and provided the following information:

[REDACTED]

CHRISTOPHER CAMPBELL was the Mayor of Eastover during the time when [REDACTED] was administering the grant. [REDACTED] Central Midland Council of Governments (CMCOG), was the administrator of Eastover's grant. [REDACTED] worked on the Eastover project prior to [REDACTED]. [REDACTED] frequently worked with [REDACTED] throughout the grant. [REDACTED] assisted [REDACTED] with the grant. [REDACTED] understood [REDACTED] to have a background in Federal processes (grants). [REDACTED] had attended meetings with the City of Eastover which included [REDACTED], CAMPBELL, and [REDACTED].

[REDACTED] recalls discussions with Mayor CAMPBELL and with [REDACTED] concerning Eastover's desire to use EPA funds for the water tank project. [REDACTED] understood Eastover was attempting to receive EPA funds to somehow work in conjunction with the CDBG funds. [REDACTED] and [REDACTED] both told CAMPBELL that the CDBG grant paid for the water tank and he could not use the water tank invoices to submit to EPA for reimbursement. [REDACTED] indicated [REDACTED] would not be surprised that Eastover submitted the water tank invoices to EPA for reimbursement.

[REDACTED] with DOC reviewed the project and subrecipients with contracts.
[REDACTED] reviewed the financial portion of the project including Eastover's audits.

[REDACTED] understood the water tank was approved by the South Carolina Department of Health and Environmental Control (DHEC). [REDACTED] did not know the water tank was not fully approved.



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
OFFICE OF INSPECTOR GENERAL
61 FORSYTH STREET, S.W., ROOM 12T20
ATLANTA, GA 30303

MEMORANDUM OF INTERVIEW

Interview Date:	05/11/2010
Case Name:	TOWN OF EASTOVER SC
Case Number:	OI-RTP-2010-CFR-0227
Interviewee:	[REDACTED]
Interview Location:	701 San Marco Blvd., 3 rd Floor, Jacksonville, FL (Army Corps of Engineers)
Interviewed By:	SA [REDACTED], SA [REDACTED]
Witnesses:	

On May 11, 2010, SAs [REDACTED] and [REDACTED] interviewed [REDACTED] [REDACTED] Army Corps of Engineers, regarding the investigation of Eastover, SC. The purpose of the interview was to ascertain information concerning his correspondence with Eastover and general information regarding EPA grants. [REDACTED] was advised as to the identities of the investigators and the purpose of the interview and provided the following information:

[REDACTED] worked in the grants department from [REDACTED] until [REDACTED]. [REDACTED] may have taken the grant over from [REDACTED] and the water tank project may have been underway prior to the EPA grant application.

Eastover received a payment on May 1, 2007. EPA would cost-share approximately 30% of the total project cost up to the grant amount of \$216,000. As long as invoices submitted were part of the total project, EPA could release the funds. The payouts would be calculated by subtracting previous payments made on eligible costs and multiplying it by approximately 30%. In other regions of the EPA, invoices are typically not submitted or reviewed. A recipient would simply electronically draw the funds without review.

The Community Development Block Grants (CDBG) under Housing and Urban Development (HUD) were typically used to pay 100% of a specific project or part of a project versus EPA's cost-share approach of an entire project. The EPA inspection conducted at the end of the project would ensure the project was completed and all submitted costs were eligible. It is also common for an entity to increase a project size above the specific project paid by CDBG

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funds in order to access other funds (such as EPA). CDBG funds are eligible to be used as "matching funds" for EPA. If the project was entirely paid for with these matching funds, then it is not a "match." [REDACTED] added he would not have released the funds if he had known the tank was already paid in full.

Of all the contacts concerning the water tank project, [REDACTED] spoke with [REDACTED] the most. He was the [REDACTED] for the water tank project. [REDACTED] also spoke with CHRISTOPHER CAMPBELL. [REDACTED] recalled speaking with the Council of Governments, (COG) regarding the project, but does not remember anyone in particular associated with the COG. The water tower was the only part of the project [REDACTED] remembers [REDACTED], CAMPBELL, or the COG discussing.

[REDACTED] remembers seeing the water tank invoices, but does not remember seeing the invoices submitted for [REDACTED] or [REDACTED]. In general, some money could have been allocated for administrative costs, depending on the grant.

[REDACTED] performed an inspection in 2006, where he did see the constructed water tower.



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
OFFICE OF INSPECTOR GENERAL
61 FORSYTH STREET, S.W., ROOM 12T20
ATLANTA, GA 30303

CASE #: OI-RTP-2010-CFR-0227

CROSS REFERENCE #:

TITLE: TOWN OF EASTOVER SC

CASE AGENT (if different from prepared by): [REDACTED]

MEMORANDUM OF ACTIVITY

REVIEW OF TOWN OF EASTOVER AUDIT FOR YEARS 2005 AND 2006

On October 8, 2010, SA [REDACTED] received a review of an audit performed for the Town of Eastover for years 2005 and 2006. This review was conducted by [REDACTED], Auditor, EPA-OIG.

Attachments:

Review of Revenue and Expenditures



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Audited Financial Statements



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Revenue and Expenditures



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UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
OFFICE OF INSPECTOR GENERAL
61 FORSYTH STREET, S.W., ROOM 12T20
ATLANTA, GA 30303

MEMORANDUM OF INTERVIEW

Interview Date:	12/16/2010
Case Name:	TOWN OF EASTOVER SC
Case Number:	OI-RTP-2010-CFR-0227
Interviewee:	██████████
Interview Location:	605 Moss Creek Drive Cayce, SC 29033-1927
Interviewed By:	SA ██████████, SA ██████████, Auditor ██████████
Witnesses:	

On December 16, 2010, SA ██████████, SA ██████████ and Auditor ██████████ interviewed ██████████, City of Columbia, South Carolina, regarding the investigation of Eastover, SC. This was a follow-up interview to the one conducted with ██████████ on April 22, 2010. The purpose of the interview was to ascertain information and clarification concerning the audit Ulmer conducted for Eastover during the receipt of EPA grant funds.

The following information was presented to ██████████ (all financial information is derived from ██████████'s published financials for Eastover):

The Town exceeded its budgeted expenditures for the two fiscal years by approximately \$607,000 and its budgeted revenue by \$663,000. Approximately \$580,000 was in grant funds. Approximately \$270,000 of the expenditure variance was in line items which might be related to federal grants (Professional Services, Street Scape Project, and Capital Outlays) which would leave approximately \$310,000 in grant funds which appear to have been used for Town operations – possibly more if those line items included expenditures which were not grant related.

Ulmer provided the following information:

He wasn't sure how much he could help because that was 3 – 4 years ago and he didn't know how much he could remember. He did not respond directly to all the details we provided him related to the various issues. He did pull various work paper folders out of the box we brought them in and looked through them during our discussions but never referred us to anything in them as an evidence of work performed or as an explanation or rebuttal for the facts presented.

He believed they drew down funds to reimburse the town for expenditures made. He did recall that there was an EPA grant and a HUD grant and that the HUD grant had its own associated bank account.

After [REDACTED] was asked how he verified the town complied with grant conditions, he stated he could not recall why the audit program for grants was not completed. [REDACTED]

(b) (5) Maybe it was (b) (5)

(b) (5)

He said he examined every cancelled check and verified all the expenditures. [REDACTED] Note (b) (5)

[REDACTED] was asked about his procedures to identify and assess risks of material misstatement due to fraud. He expressed surprise the memo referred to on the audit program wasn't in the work papers but provided no comment on the fact the rest of the audit program was blank. He said he had talked to everyone about fraud as part of his audit, and when Mayor Campbell was indicted for election fraud he "kinda" stepped back for a bit. He provided no explanation as to why the required steps were not performed or documented in the work papers or what change to his audit approach changed, if any, after the mayor was indicted.

[REDACTED] indicated he had submitted a proposal to the Town. He did not state whether any other firms solicited proposals as well. Chris Campbell notified [REDACTED] of his selection.

When asked if anyone had pressured him or suggested he not look at the grants he stated no one had pressured him or otherwise influenced the scope of his audit. The staff had all been very cooperative and he had access to anything he asked for – he was provided and examined 100% of the cancelled checks

When asked about any other audits he had conducted, he stated he had done some work for [REDACTED] (Did not indicate whether it was [REDACTED]) He did an [REDACTED] prior to that.

When asked about his participation in a peer review, he stated he hasn't had one done – he [REDACTED] stated the SC association told him he didn't need a peer review. He's sure he filled out whatever forms the state required – he doesn't recall what specifically. [REDACTED]

Investigators suggested (b) (5)

[REDACTED] provided no verbal response to the (b) (5)

[REDACTED] He put the work paper folder he was holding down, closed the box containing his work papers, and folded his arms across his chest.

[Auditor's Notes:

These notes were discussed generally with [REDACTED] and reflect specific workpapers contained within the audit.

Procedures performed to verify compliance with grant conditions:

Grant revenue represented approx 44% of town's revenue for 2005/2006 (material). Use of grant funds is restricted to what is allowed by the grant terms and conditions. Any misuse of the funds (non compliance with grant conditions) would result in a payable due the federal government which, given the relationship of the grants to total town revenues, could have a material impact on the financial statements.

Audit program for grant programs (GAP-13 Audit Program for Grant and Similar Programs included in work papers was blank).

No evidence expenditures were tested for compliance with grant terms and conditions.

Attributes for test of cash disbursements per the work paper schedule included:

Attribute B – "Correct recording as to account, fund, budget category, and period received"

Attribute C – "Correct use of restricted, reserved, or designated resources"

Attribute D – "Approval and compliance with budget and legal requirements and established procedures"

Out of the 120 "cash disbursements" selected for testing, only 4 payroll related expenditures indicated testing for attribute D with exceptions noted for deviation from established procedures (pay rate not on timesheet or no approval signature). There were no expenditures where any of the other attributes were tested for.

GASB 34 requires reporting of legally restricted funds – if the expenditures were not tested for compliance with grant conditions then there would be no way to determine if any of the funds on hand were legally restricted due to grant conditions since there is no correlation to be made between funds drawn down and expenditure of those funds.

Procedures to identify and assess risks of material misstatement due to fraud:

GCX-5: Governmental Fraud Risk Assessment Form was included in the work papers but was not completed. Refers to a memo to document team discussion (not attached) and the only item completed was on page 5, item 5d – Management override of controls – "pervasive".

Work papers did not contain documentation, as required, of:

Discussion during planning the audit regarding the susceptibility of the entity's financial statements to material misstatement due to fraud, the risks identified, the procedures performed to identify and assess the risks, and the auditor's response to those risks (such as testing performed).]



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
OFFICE OF INSPECTOR GENERAL
109 TW ALEXANDER DRIVE
RESEARCH TRIANGLE PARK, NC 27711

MEMORANDUM OF INTERVIEW

Interview Date:	May 24, 2011
Case Name:	Town of Eastover SC
Case Number:	OI-RTP-2010-CFR-0227
Interviewee:	Leroy Faber
Interview Location:	Town Hall, Eastover, SC
Interviewed By:	Special Agent [REDACTED] Special Agent [REDACTED]
Witnesses:	

On May 24, 2010, Special Agent [REDACTED] and the reporting agent interviewed Mayor Faber in his office at Town Hall, Eastover, SC. After proper identification was shown by the investigators above, and the nature of the interview was disclosed, the following information was obtained:

He advised the agents that he had no information concerning the Water Tower Project or the grant from EPA. He assumed [REDACTED] the town's consultant wrote the grant. He had no contact information for [REDACTED] but he believed he was retired.

The mayors in office during the Water Tower Project were Odell Weston, Interim Mayor started in 2007 and Chris Campbell's term in office started in 2000 – 2007. He was aware that there was money left over in the EPA grant fund but he decided to leave it there. He was in town when an audit was conducted but doesn't know any of the details. He had spoken to [REDACTED] and provided him with documents requested for the audit. He does not have any contact information for Campbell other than verbally giving direction to a house down from his parents house in Eastover. He advised he would have to look for the grant documents and requested that the agents come back the next day.